

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 PM-09 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 GAC-01 USIA-12 TRSE-00

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TAGS: AORG, EFIN, US, NATO

SUBJECT: 1974 CIVIL BUDGET- PLANNING FIGURES

REF: A. BC- D(73)17

B. USNATO 2902, 11 JUL 72

C. STATE 69036

SUMMARY: CBC WILL EXAMINE PROPOSALS OF INTERNATIONAL STAFF
FOR ESTABLISHMENT OF PLANNING FIGURE FOR 1974 BUDGET ON 21 MAY.

ACTION REQUESTED: AUTHORIZATION TO AGREE TO GROSS CEILING OF
BF 1,363,500,000 SUBMITTED IN REF B. END SUMMARY.

1. THE CIVIL BUDGET COMMITTEE (CBC) WILL TAKE UP QUESTION
OF PLANNING FIGURES FOR THE 1974 BUDGET ON 21 MAY. DOCUMENT
BC- D(73)17 (REF A) CONTAINS THE I/ S ESTIMATE FOR THE 1974 BUDGET,
INCLUDING SUPPLEMENTS, IN THE AMOUNT OF BF 1,397,753,990.
WHEN THE DOD PROGRAM FOR NIAG AND COOPERATIVE PLANNING
OF 27.5 MILLION IS EXCLUDED, THE STATE- FUNDED PORTION OF THE
BUDGET AMOUNTS TO BF 1,370,253,990. THIS LATTER
AMOUNT IS APPROXIMATELY BF 7.7 MILLION HIGHER THAN THE
ESTIMATE MADE IN JULY 1972 (REF B).

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2. AT THE CBC MEETING OF 7 MAY ON THIS SUBJECT, MOST DELE-
GATIONS INDICATED THAT, WHILE THEY HAD NO FINAL INSTRUCTIONS,
THE PROJECTED INCREASES IN 1974 OVER 1973 WERE TOO HIGH. MOST
DELEGATIONS WERE OF THE OPINION THAT THE BUDGET FOR 1974 SHOULD

ONLY BE INCREASED BY INFLATION WITH NO GROWTH PROJECTIONS. AT THE 21 MAY MEETING MISSION PLANS TO FOLLOW THIS POSITION. THIS APPROACH SHOULD BRING THE BUDGET LOWER THAN THE AMOUNT OF BF 1,363,500,000 REPORTED IN REF B.

3. ALSO ON 7 MAY AT CIVIL BUDGET MEETING, US REP FOLLOWED UP AMBASSADOR RUMSFELD'S RECOMMENDATIONS AT COUNCIL MEETING ON 18 APRIL (C-R(73)24, ITEM II) TO ESTABLISH NEW ORGANIZATION IN I/S TO CONCENTRATE MANAGEMENT, PERSONNEL AND ADMINISTRATION, BUDGET, AND SECURITY UNDER A SINGLE AUTHORITY. US REP AT CBC REQUESTED DIRECTOR OF ADMINISTRATION AND PERSONNEL TO TAKE VIGOROUS ACTION TO FOLLOW UP ON US RECOMMENDATION SO THAT A PLAN COULD BE SUBMITTED TO THE CBC AND COUNCIL FOR APPROVAL AT THE TIME OF THE SUBMISSION OF THE 1974 BUDGET. THE US SUGGESTION CALLS FOR THE HEAD OF THE NEW ORGANIZATION TO BE AN UNCLASSIFIED DIRECTOR, ALSO FOR THE ESTABLISHMENT OF A DEPUTY AT AN A-7 LEVEL WHO WOULD BE HEAD OF THE MANAGEMENT ADVISORY UNIT. DIRECTOR OF PERSONNEL (KUNZIG) INDICATED THAT I/S HAS US PROPOSAL UNDER STUDY AND WOULD CONSULT WITH SECGEN TO OBTAIN HIS VIEWS. KUNZIG REQUESTED THAT IN THE MEANTIME HE BE AUTHORIZED TO RECRUIT STAFF FOR MANAGEMENT ADVISORY UNIT. MAJORITY OF DELEGATIONS FELT THAT THIS WAS PREMATURE, SINCE US SUGGESTION CALLED FOR NEW ORGANIZATION AND THE HEAD OF THE MANAGEMENT ADVISORY UNIT TO BE AN A-7 WHICH WAS 2 GRADES HIGHER THEN THE PROPOSAL BY SECGEN. DECISION WAS TO HOLD UP ON RECRUITMENT UNTIL CAPITALS COULD ADVISE REPS ON THIS POINT.

4. DEPT'S ATTENTION IS INVITED TO CONGRESSIONAL PRESENTATION DATA ON THE 1974 BUDGET WHICH USED AN EXCHANGE RATE OF APPROXIMATELY BF 43.8 TO ONE DOLLAR US. IN VIEW OF THE DEVALUATION IN FEB 1973, THE CURRENT RATE OF EXCHANGE IS APPROX BF 40 TO \$1. IF THIS RATE CONTINUES TO HOLD STEADY UNTIL 1974, THE US SHORTFALL WOULD BE APPROX EIGHT PERCENT OR \$675,000.

5. MISSION WOULD APPRECIATE DPET'S VIEWS ON THE ABOVE BUDGET PROPOSAL IN TIME FOR CBC MEETING ON 21 MAY AND ALSO ANY SUGGESTIONS ON THE ESTABLISHMENT AND ORGANIZATION OF THE NEW LIMITED OFFICIAL USE
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DIRECTORATE DESCRIBED IN PARA 3 ABOVE, PARTICULARLY THE RECRUITMENT OF STAFF FOR THE MANAGEMENT ADVISORY UNIT.
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